

JAMES E. "JIM" KING, JR.
President

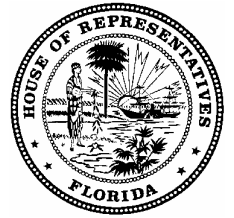


Harold McLean
Public Counsel

**STATE OF FLORIDA
OFFICE OF PUBLIC COUNSEL**

c/o THE FLORIDA LEGISLATURE
111 WEST MADISON ST.
ROOM 812
TALLAHASSEE, FLORIDA 32399-1400
850-488-9330

JOHNNIE BYRD
Speaker



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CONTACT: Harold McLean
(850) 488-9330

**Florida's Public Counsel and the Florida Industrial Power Users Group Reach
Agreement with Progress Energy**

TALLAHASSEE— Florida's Public Counsel and the Florida Industrial Power Users Group (FIPUG) announced today that they had reached an agreement with Progress Energy that will result in \$13 million in fuel charge savings for customers in 2004.

The agreement settles a pending case before the Florida Public Service Commission that deals with the amount of charges customers pay for transport of coal to the company's Crystal River plants. Last fall, Public Counsel, FIPUG and other consumer advocates challenged the process that was being used by both Progress Energy and Tampa Electric to pass through the fuel transportation charges that show up in customer bills as part of the fuel charges.

In announcing the agreement, Florida Public Counsel Harold McLean stated, "We are pleased to announce this agreement with Progress Energy that will produce millions of dollars of savings for customers in 2004. More importantly, this agreement establishes a new framework that will provide future benefits by implementing a firm bidding process and market-based pricing for these charges that are paid directly by customers."

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The agreement must be approved by the Florida Public Service Commission before it is finalized. The savings will be incorporated into the fuel charges that are passed directly to customers.

The fuel charge that appears on all electric bills today, is a result of the 1970's oil embargo that produced extreme rises in electric utility fuel costs. Most states enacted rules at that time to require all power utilities to pass the costs of power plant fuels directly to customers as a line item on the bill. The fuel charge includes all costs for nuclear fuel, fuel oil, coal and natural gas, that are burned in Florida's power plants today, including the cost of transporting those fuels to each plant.

Due to the steep rise in fuel costs this year, it is expected that the overall charges passed on to Progress Energy customers will rise later in the year when the PSC considers that issue.

Speaking on behalf of FIPUG, Vicki Gordon Kaufman stated, "We are fearful that the rise in fuel prices throughout the country in 2004 will show up later this year in the form of increased power utility fuel charges. Today's agreement will help offset some of those increases in 2004 and we are very optimistic that market based pricing of these costs will help alleviate those increases in the future."

Progress Energy has four coal plants at Crystal River utilizing coal that is primarily delivered from Appalachia, down the Mississippi River and across the Gulf to Crystal River by barges. In addition, the Company also imports foreign coal from South America to supplement its domestic sources.